

Fiscal Year ending March 2018 1st Quarter Results (Apr. 1 – JUN. 30 / 2017)

July 27, 2017



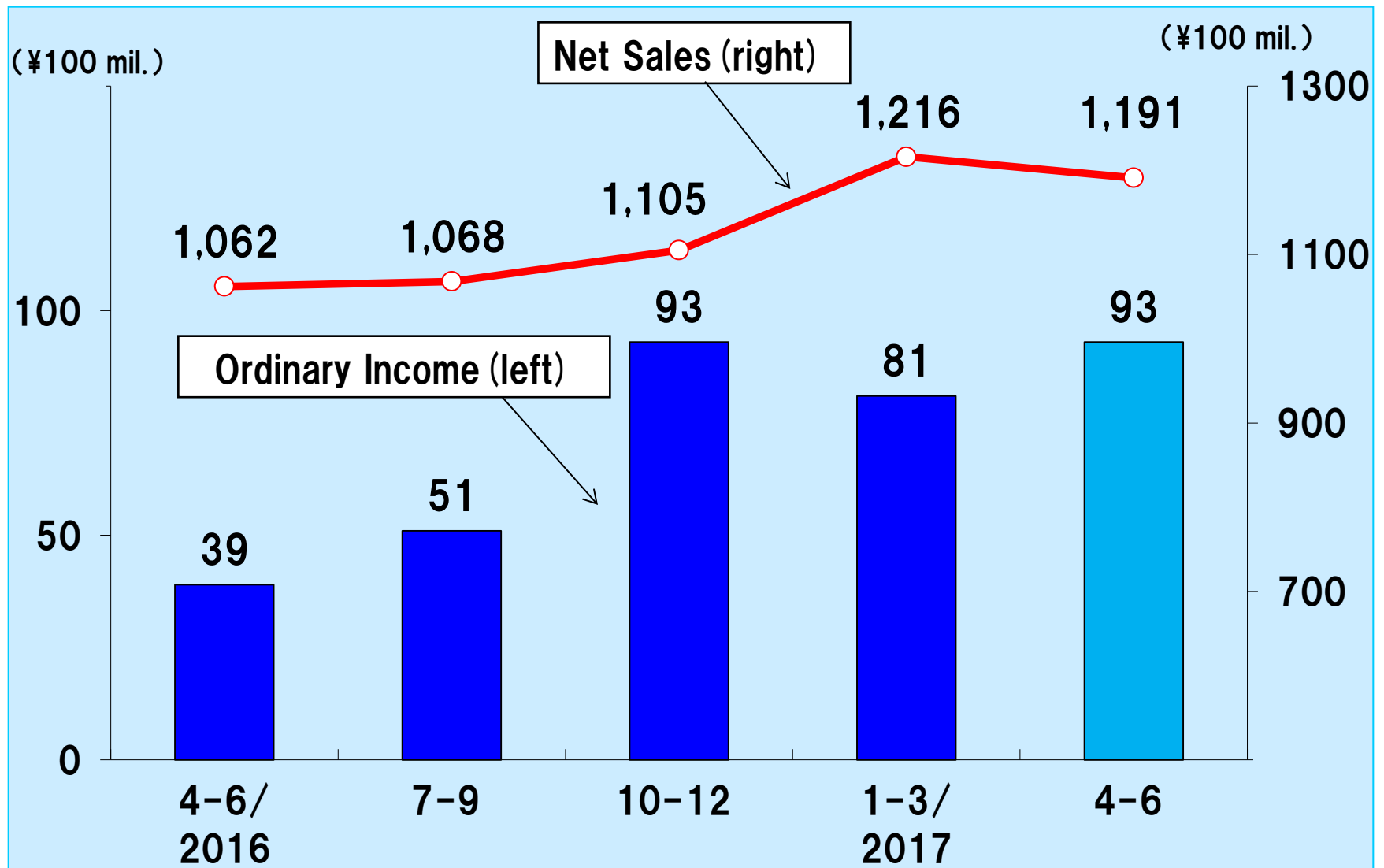
Overview of the FY2018 1st quarter results

(¥100 mil.)	FY2017 1Q	FY2018 1Q	y/y basis
Net Sales	1,062	1,191	+ 129
Operating income	41	90	+ 49
Ordinary income	39	93	+ 54
Net income (※)	23	58	+ 35

※: Quarterly net income that is profit attributable to owners of parent

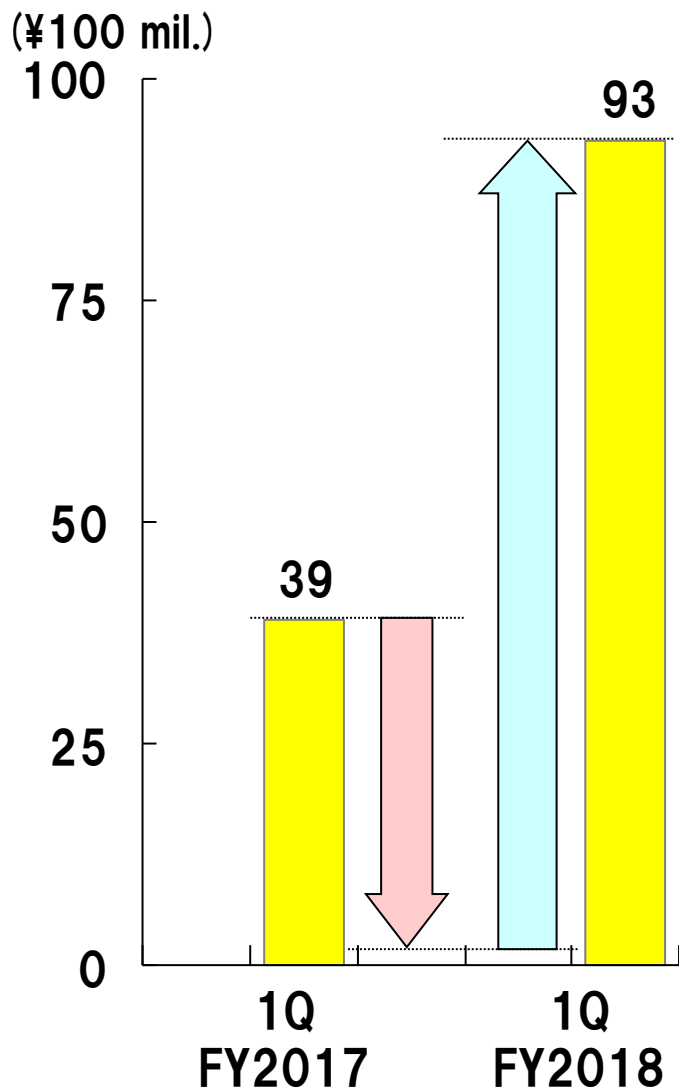
➤ Because of strong demand mainly from automotive-related industries, our sales volume increased in the 1Q of 2017. As a result, our sales and profit significantly increased compared with those in the 1Q of 2016.

Changes in Net Sales & Ordinary Income (Quarterly)



1Q/FY2018 Changes in Ordinary Income (y/y)

(¥100 mil.)



1Q/FY2017 Ordinary Income		
Changes (y/y)	Operating Income / Loss	Raw material price
		Sales volume
		Sales price
		Sales mix
		Variable cost
		Fixed cost
		Subtotal
	Non-Operating income	
1Q/FY2018 Ordinary Income		

39	
-32	/
/	+37
/	+32
/	+11
/	+7
-6	/
-38	+87
/	+5
93 (+54)	

FY2018 Net Sales & Operating Income by Segment

(¥100 mil.)

		1Q / FY2017 Results (A)	1Q / FY2018 Results (B)	y / y basis (B) - (A)
Specialty Steel	Net Sales	394	456	62
	Operating Income	8	20	12
High Performance Materials and Magnetic Materials	Net Sales	355	404	49
	Operating Income	36	54	18
Parts for Automobile and Industrial Equipment	Net Sales	231	257	26
	Operating Income	▲ 7	7	14
Engineering	Net Sales	55	44	-11
	Operating Income	0	2	2
Trading and Service	Net Sales	27	30	3
	Operating Income	4	7	3
Total	Net Sales	1,062	1,191	129
	Operating Income	41	90	49

Former Net Sales of
Specialty steel

volume

292 thou.t

326 thou.t 34 thou.t

1Q/FY2018 Changes in Operating Income of Major Segments (y/y)

(¥100 mil.)

Segment			Specialty Steel	High Performance Materials & Magnetic Materials	Parts for Automobile & Industrial Equipment	Engineering		
1Q/FY2017 Operating Income			8	36	▲7	0		
Changes (y/y)	Operating Income / Loss	Raw material price	-25	-6	-1			
		Sales volume		+11	+19	+7		
		Sales price		+24	+5	+3		
		Sales mix		+3	+1	+2		
		Variable cost		+2	+3	+2		
		Fixed cost	-3	-4	+1			
		Total	-28	+40	-10	+28	-1	+15
1Q/FY2018 Operating Income			20 (+12)	54 (+18)	7 (+14)	2 (+2)		

FY2018 Net Sales & Operating Income by Segment (Quarterly)

(¥100 mil.)

		FY2017				FY2018 1Q Results
		1Q Results	2Q Results	3Q Results	4Q Results	
Specialty Steel	Net Sales	394	393	414	445	456
	Operating Income	8	18	18	14	20
High Performance Materials and Magnetic Materials	Net Sales	355	356	377	397	404
	Operating Income	36	39	49	50	54
Parts for Automobile and Industrial Equipment	Net Sales	231	236	242	266	257
	Operating Income	▲ 7	▲ 9	5	6	7
Engineering	Net Sales	55	60	48	76	44
	Operating Income	0	3	3	6	2
Trading and Service	Net Sales	27	23	24	32	30
	Operating Income	4	4	5	3	7
Total	Net Sales	1,062	1,068	1,105	1,216	1,191
	Operating Income	41	55	80	79	90

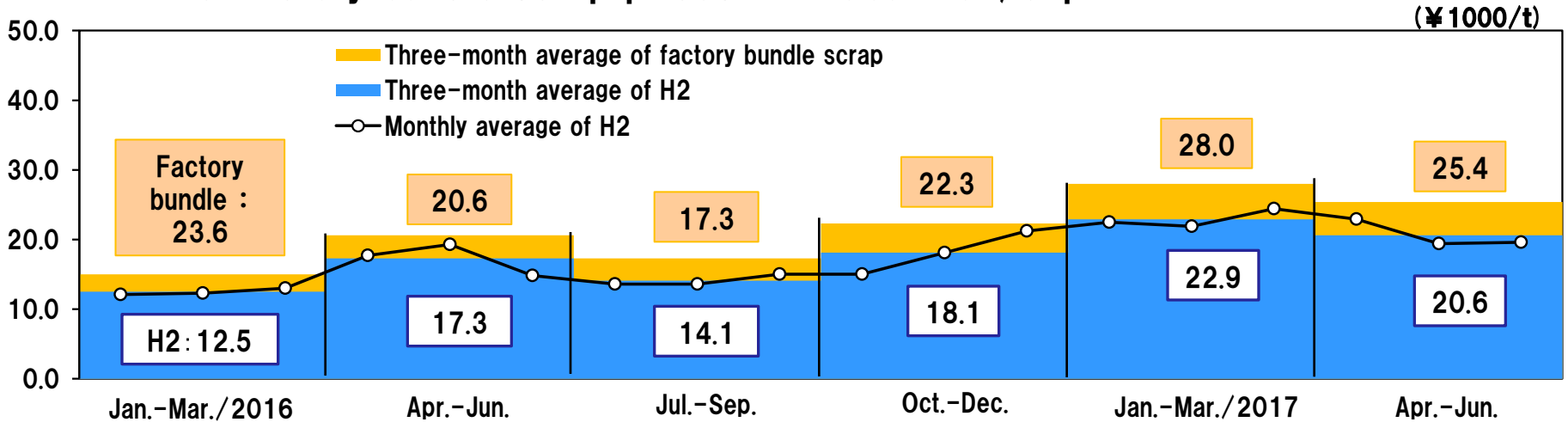
Former Net Sales of
Specialty steel

volume

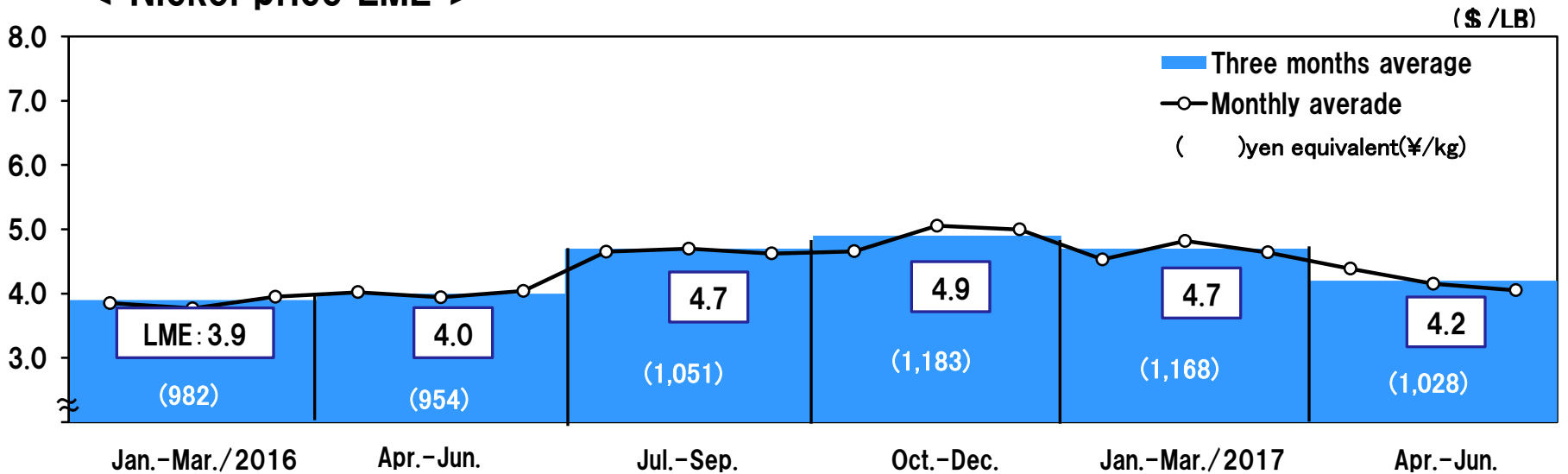
292 thou.t 289 thou.t 313 thou.t 325 thou.t 326 thou.t

Market Trend of Raw Materials(Scrap Steel and Nickel)

< H2 and Factory bundle scrap prices in Chubu area, Japan >



< Nickel price LME >



1Q/FY2018 Market Trend

	UNIT	FH of FY2018 Premises of plan	1Q/FY2018 Results (Difference)
Scrap steel Upper:H2 Lower:Factory bundle	¥thou./T	23.0	20.6 (-2.4)
		27.0	25.4 (-1.6)
Nickel (LME)	\$/LB	5.0	4.2 (-0.8)
Molybdenum (MW)	\$/LB	7.0	8.1 (+1.1)
Crude oil (Dubai)	\$/B	55.0	50.2 (-4.8)
Exchange rate (TTM)	¥/\$	110.0	111.1 (+1.1)

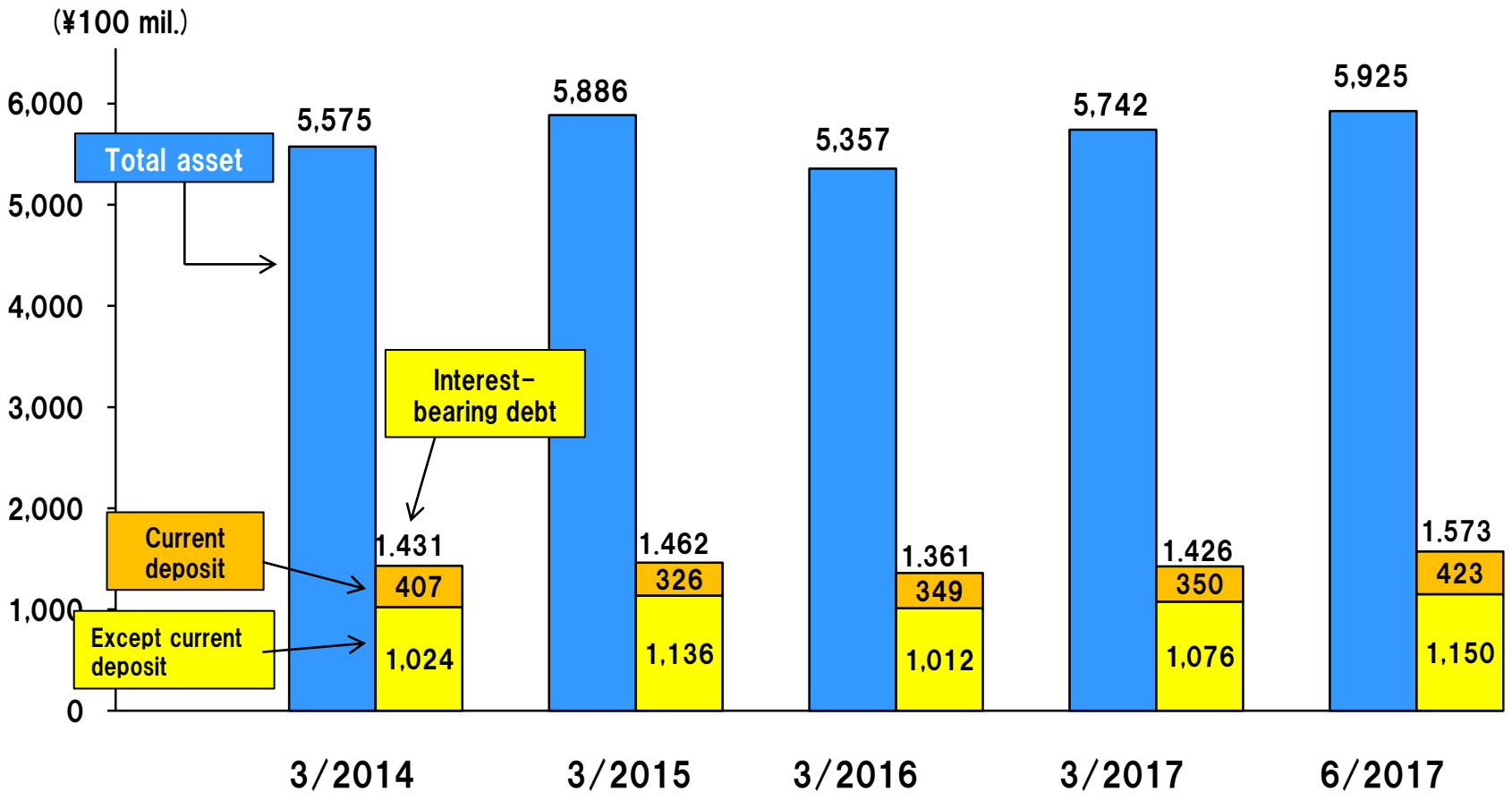
1Q/FY2018 Extraordinary Income/Loss and Net Income

(¥100 mil.)

1Q/FY2018 Ordinary income	93
Extraordinary profit and loss	—
Income taxes	▲35
1Q/FY2018 Net income (※)	58

※: Quarterly net income that is profit attributable to owners of parent

Total Assets, Interest-bearing Debt, D/E Ratio



	3/2014	3/2015	3/2016	3/2017	6/2017
ROA	3.8%	3.8%	4.5%	4.8%	6.4%
D/E	0.62	0.57	0.58	0.55	0.60

(Note)

Figures such as the business forecasts described in this document are based on specific assumptions which are predictable under the present state.

However, changes in circumstances could lead to different business outcomes, so blind reliance on this data as decision criterion is not recommended.

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